



# Peace through Trade

## Laying the Foundation for Freedom and Prosperity

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When Americans consider their freedoms, they rarely count free and fair trade among them. Yet, trade is firmly embedded in the foundation of a democratic and free nation. President Herbert Hoover, who served as the first secretary of commerce, emphasized this point in reminding Americans that, “Free speech does not live many hours after free industry and free commerce die.” The inverse is equally true. With free commerce comes free expression, and with free expression comes pressure on governments to protect the freedoms we enjoy.

### THE BENEFITS OF TRADE

For 200 years, trade has been an economic engine helping the United States meet the needs of domestic businesses, workers, and consumers. Throughout history, we have pursued new markets for American goods, services, and technology; sought the import of a greater variety of goods at lower prices; and encouraged competition and a free market economy. Our efforts have proved fruitful, leading to sustained economic growth, higher wages, more jobs, and a higher standard of living.

While the economic impact of trade is apparent, trade also serves as the foundation of the institutions that define our democracy. At its root, trade is about human freedom—the freedom to interact, innovate, and exchange goods and services without interference

from the state. Amartya Sen, a Nobel laureate in economics, concluded in *Development as Freedom* that the basis for all economic development is human freedom, including the freedom from any limitation on human potential. The expression of human freedom through trade gives workers limitless possibilities for sharing the product of their toil with the outside world. It allows companies to expand, increase employment, and innovate, providing people greater economic security, stability, and opportunity. As people experience greater economic opportunity, poverty decreases, and with it, the desperation and hopelessness that lead so many to express their frustration through violence and terrorism.

### INSTITUTIONALIZING PEACE

Although it is clear that trade creates the conditions necessary for peace, it also helps create and reinforce the institutions and framework that sustain it. Nations that seek to fully realize the benefits of trade must ensure that their domestic infrastructure sufficiently supports free commerce. As a result, they work to enact a strong rule of law, democratic institutions, independent judiciaries, reliable regulatory agencies, dependable law enforcement, and efficient banking and social services. These improvements, in turn, encourage transparent regulatory bodies, a sound tax and pension base, fiscal responsibility, privatization, competition, and improvements in education and health care. Taken together, these

reforms can stabilize nations, making them more able to participate in world affairs.

Furthermore, as economies become increasingly interdependent, we find that the benefits of trade are shared across geopolitical and geographical boundaries. Nations that recognize how dependent they are on one another are less likely to settle frictions through armed conflict. Instead, trading nations are more inclined to resolve conflict through negotiation and compromise. The British poet John Donne is known for having written, “No man is an island; every man is a piece of the continent, a part of the main...” This is certainly true in the case of international trade. Recognizing that each nation is a single member of a greater global community increases the opportunities and rewards for peaceable exchange and interaction.

Trade cannot be solely characterized as the exchange of imports and exports. It is not simply defined as the pursuit of economic growth and opportunity. Instead trade is about the exchange of ideas, the pursuit of happiness and prosperity, and the fostering of innovation and ingenuity. It is about the freedom to choose, to associate, to explore, and to grow. It empowers people and uplifts the human condition. Trade is about the perseverance of democracy, freedom, and liberty—the fundamental principles and conditions that found and sustain peace. ■